



# Department of Justice

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## **INDIANAPOLIS MAN SENTENCED TO 30 MONTHS IMPRISONMENT IN MORTGAGE FRAUD SCHEME**

### **PRESS RELEASE**

Indianapolis - Jerry J. Jaquess, Indianapolis, age 67, was sentenced to 30 months in prison late yesterday by Chief Judge David F. Hamilton for his participation in a large mortgage fraud scheme in the Indianapolis area, announced Timothy M. Morrison, United States Attorney for the Southern District of Indiana. Jaquess plead guilty to one count of wire fraud and one count of money laundering. Today's sentencing follows a lengthy investigation conducted by Special Agents of the Internal Revenue Service - Criminal Investigation Division and investigators for the United States Attorney's Office, with assistance by the Federal Bureau of Investigation. Eight other individuals have been charged in the schemes and those cases are currently pending before Judge Hamilton. The investigation is continuing as to other individuals who were involved in the mortgage fraud schemes.

Jaquess owned and operated Homevestors LLC, a company involved in the development and construction of new real estate properties, as well as the purchase and sale of existing residential real estate properties. As part of the mortgage fraud schemes, Jaquess and other individuals entered into contracts to purchase 186 duplexes in the Windsor Village neighborhood, located near Arlington Avenue and 21<sup>st</sup> Street, on the east side of Indianapolis. These properties were all owned by one person, thru various land trusts. Jaquess and others negotiated with this individual to purchase all of the duplexes at a price of \$50,000.00 each (the last group of these properties actually sold for \$60,000.00).

Jaquess used his company Homevestors to negotiate the purchase and sale of the first 11 Windsor Village properties. On each of the properties, Jaquess entered into a land contract (and other documents) immediately preceding the closing, showing that Homevestors LLC was purchasing the property from the owner for \$50,000.00. He also entered into agreements to sell the properties to investors for \$120,000.00 each. In early February 2005, prior to the first purchase agreements ever being finalized, Jaquess, or individuals associated with him, caused three of the Windsor Village properties to be listed on the Metropolitan Indianapolis Board of

Realtors Multiple Listing Service (MLS) showing a list price of \$120,000.00. Jaquess did not own the properties at the time they were listed and did not even enter into land contracts to purchase these properties (for \$50,000.00 each) until mid-March 2005. These properties were the first three Windsor Village properties closed (on March 17, 2005). A few days after these properties closed, Jaquess and his associates caused these three sales (at \$120,000.00 apiece) to be placed on the MLS. This allowed Jaquess and other individuals involved in the scheme to show these three properties as comparables on appraisals to be prepared for all of the remaining Windsor Village properties, thus making it appear that each of those properties were worth \$120,000.00. Jaquess attended the closings as the seller of the properties, and generally also took the buyer (investor) down payment check to the closings. Jaquess signed the loan closing documents on behalf of Homevestors LLC, including the false HUD-1 Settlement Statements, showing that the investors were providing the down payments, which he knew to be untrue. After the closing, Jaquess received checks to Homevestors LLC for the amount of the fraudulent loan proceeds (generally more than \$70,000.00 per property). Jaquess then caused Homevestors LLC to issue checks disbursing the fraudulent loan proceeds. Included in these checks were payments totaling approximately \$42,000.00 payable to Jaquess personally, or a family member of his, as well as checks to repay the individuals "fronting" the down payment (plus \$1,000.00 - \$3,000.00 fee) and checks to pay the investors \$4,000.00 for each property purchased.

According to Assistant U. S. Attorney Susan Heckard Dowd, who prosecuted the case for the government, Judge Hamilton ordered Jaquess to serve three years on supervised release following his 30 months of incarceration and also ordered him to pay \$824,614.33 in restitution to Homecomings Financial and Argent Mortgage Company.

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